



# Los Angeles County AUDIT COMMITTEE

Louisa Ollague, Chair  
1<sup>st</sup> District  
Brence Culp, Vice Chair  
3<sup>rd</sup> District  
Clinton Tatum  
2<sup>nd</sup> District  
Carl Gallucci  
4<sup>th</sup> District  
Angela Mazzie  
5<sup>th</sup> District

## MEETING MINUTES February 17, 2005

Chairperson Louisa Ollague called the meeting to order at 1:38 p.m. in the Sybil Brand Conference Room, 372, at the Kenneth Hahn Hall of Administration.

### Committee Members Present

Louisa Ollague, First District  
Clinton Tatum, Second District  
Carl Gallucci, Fourth District  
Angela Mazzie, Fifth District

### Committee Members Absent

Brence Culp, Third District

### Others in Attendance

Maria Oms, Auditor-Controller  
Don Chadwick, Auditor-Controller  
Jim Schneiderman, Auditor-Controller  
Mike McWatters, Auditor-Controller  
Sue Harper, DCFS  
Ed Sosa, DCFS

B. Eugene Romig, Executive Office  
Peter Papadakis, Executive Office  
Garen Khachian, Executive Office  
David Ryu, Board Deputy, Second District  
Ben Uminsky, Graduate Student/SEIU 660

### Approval of Minutes

**On motion of Angela Mazzie, seconded by Carl Gallucci, the Committee unanimously approved the January 20, 2005 minutes.**

### Old Business

**Procurement Follow-Up Review – Olive View Medical Center:** The DHS Audit and Compliance Division (A&CD) concluded Olive View is following established purchasing policies and continues to make progress in implement quality improvement processes. **On motion of Angela Mazzie, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing this report.**

**Progress Report – Fiscal Review of Kedren Community Health Center, A Mental Health Services Contractor Conducted by the Auditor-Controller:** Auditor-Controller staff reported the State has made preliminary findings on Kedren's cost report, including the audit issues. DMH has indicated that it will have a formal status report available within 7-10 days. However, Ms. Oms noted that there is some confusion in the process and the State may delay their final report until it has completed its review of all County provider cost reports, which may take 12-18 months. Louisa Ollague inquired if the agency is currently appealing the State's findings. Mr. McWatters reported Kedren is not appealing the findings per se. The State is in the process of settling Kedren's cost report and the State included the costs that were questioned by the Auditor-Controller in their list of issues. Mr. Schneiderman reported that the agency provided documentation to the State which may result in the State accepting some of the costs questioned in Auditor-Controller's audit. David Ryu, 2nd District Deputy, reported the agency's budget is about \$18 million. **On motion of Louisa Ollague, seconded by Carl Gallucci, the Committee unanimously approved continuing this item to the April 21, 2005 meeting.**

Expansion of Countywide Contract Monitoring Project to Include Department of Health Services Contracts (Board Agenda Item #5.4, June 21, 2004): Auditor-Controller received a list of contracts and plans to monitor the Office of AIDS Programs and Policies Contracts. Louisa Ollague inquired about DHS database management and the incomplete information on their spreadsheet report. The Auditor-Controller's Office will report to the Board of Supervisors on its plan to monitor OAAP. The Auditor-Controller is working with existing monitors to determine the effectiveness of contractor requirements, performance outcomes, and fiscal matters. The Auditor-Controller will report in June 2005 on other contract monitoring issues. **On motion of Carl Gallucci, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing this report.**

FFA's and Group Home Monitoring: The Children's Deputies were invited to the March 17, 2005 meeting since DCFS and the Auditor-Controller are still working together on some issues. The 3<sup>rd</sup> District, Tyler McCauley, Ms. Oms and Dr. Sanders' staff met to discuss the perception of duplicated efforts in the monitoring process. Dr. Sanders guaranteed there is no duplication of efforts and reiterated the focus on the "quality of life" for children. Auditor-Controller staff will review the final document DCFS chooses to use for monitoring to ensure similarities are not present. Auditor-Controller staff planned to perform an assessment of the entire monitoring process by the end of the month, but DCFS opted to perform the assessment in house. **On motion of Louisa Ollague, seconded by Carl Gallucci, the Committee unanimously approved continuing this item to the March 17, 2005 meeting.**

### **Reports Received**

Allegations Against Refugio Para Niños Foster Family Agency: Only one Board Member remains from the original Board and the agency is taking positive steps to set up the new Board of Directors. The agency was asked to respond to Dr. Sanders by February 22, 2005, regarding the agency's Executive Director's salary cap. Committee Members inquired about the salary cap, the Executive Director's salary, whether it would be lowered and if the agency has helped its clientele in respect to its high salaries. Ms. Harper reported the agency's attorney does not support lowering Director's salary and referred to Federal regulations justifying the current pay structure because the Executive Director salaries should reflect the size of the agency, budget, and operation respectively. Mr. McWatters reported there was a 2003 Executive Director's salaries report with respect to size of agencies and their budget, however, the agency has not responded to the Auditor-Controller with any comparable figures. Mr. McWatters reported the agency's Executive Director maintained he performs multiple job tasks justifying his earnings. Ms. Harper stated it may take a month or longer to perform a study and Ed Sosa reported cost of living increases in Executive Directors salaries may pose difficulty in determining their respective earnings. Ms. Harper stated Dr. Steinberg is no longer on the agency's Board of Directors. Mr. Sosa stated the termination of contract with the agency will not cause the foster children to be moved. Ms. Ollague thanked Ms. Harper for her report. **On motion of Louisa Ollague, seconded by Carl Gallucci, the Committee unanimously approved continuing this item to the April 21, 2005 meeting and requested DCFS conduct a study of Los Angeles County agencies making \$10-\$30 million.**

Fire Protection District Budget Review: Overall, the District is accounting for their revenues and expenditures and maintains adequate controls over their grants and trust funds; however, there are some budget development and monitoring areas the District can improve. **On motion of Louisa Ollague, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Proposed Fire District Contract with City of La Habra February 8, 2005 Board Agenda:

Auditor-Controller staff reported difficulty evaluating the District's analysis due to a number of significant assumptions based on resource requirements, service levels, District priorities, and other factors. District management believes their assumptions are correct and a contract with La Habra would be less costly than building and operating a new station in La Mirada. **On motion of Louisa Ollague, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Status Report – Sheriff Contract Billing Practices: The Auditor-Controller reviewed the Office of the Assistant Sheriff and the Contract Law Enforcement Bureau. Overall, estimated billing for these services could potentially result in over a \$9.9 million allocation to contract cities. Auditor-Controller staff will issue a complete Phase 1 report by the end of February 2005. Phase II review has begun and focuses on services/units providing direct services to the public (e.g. Recruit Training, Homicide Bureau, and Major Crimes Unit); previous Board policy did not allow billing for these services, since they are classified as "Countywide" services. **On motion of Louisa Ollague, seconded by Clinton Tatum, the Committee unanimously approved receiving and filing this report.**

Department of Health Services – King Drew Medical Center Audit Recommendation

Follow-Up Review: Current review of the remaining fifty-seven recommendations reveals twenty-nine have been fully implemented, twenty-seven of the recommendations have been partially implemented, and one has not been implemented. DHS recognized the need for improvement and will work toward implementing all applicable recommendations. **On motion of Louisa Ollague, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Reports to be Received and Filed

Biennial Internal Control Certification Program for FY 2004-05: **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Florence Crittenton Center Foster Family Agency Contract Review: Review determined the agency provided the services outlined in its County contract, maintained the appropriate staffing levels, and their caseloads did not exceed the maximum allowed by CDSS Title 22. However, in accordance with the County contract the agency did not fully complete the Needs and Services Plans and the Quarterly Reports for the seven children did not include comments on the children's progress toward their goals. The Auditor-Controller received the agency's corrective action plan. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Department of Parks and Recreation Revenue Agreement Audits: Simpson & Simpson Certified Public Accountants completed the audits in September 2004. The audits revealed fifteen contractors owed additional rent to the County totaling \$66,274, of which DPR collected \$56,427, waived \$3,019, and initiated collection efforts for the remaining \$6,828. DPR waived the \$3,019 because the rental category reviewed was determined not to be part of gross receipts. The contract was amended to resolve this discrepancy and the remaining three contractors properly reported their gross receipts and paid all rent due. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Audit of the Los Angeles County Flood Control District for the year ended June 30, 2004: Simpson & Simpson Certified Public Accountants reported no material weaknesses involving the District's internal controls over financial reporting and concluded the District's financial statements were presented fairly in conformity with accounting principles generally accepted in the United States of America and State regulations governing special districts. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Fraud Hotline Status Report: The hotline opened 131 new investigations during the period from October 1, 2004 to December 31, 2004; 111 cases were closed, 35 were substantiated, 53 were not, and 23 were not investigated after a preliminary review determined the allegation was either immaterial, previously investigated, referred to an outside agency, or insufficient information was provided. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – J.E.E.B. Children's Foundation, Inc. –J.E.E.B. Group Home: Review determined the agency needs to improve the condition of the residents' bathroom; develop specific and measurable Needs and Services Plans (NSPs); develop comprehensive quarterly reports that discuss the goals of the NSPs; document the placement worker's participation in the development and update of NSPs; maintain current court authorizations for all residents who are prescribed psychotropic medication; inform residents of their right to refuse medication; and provide residents with regular opportunities to maintain life books/photo albums. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – Crittenton Children and Family Services, Valley View and Boys Castle: Valley View Group Home provided the services outlined in their program statement, however, the agency needs to address various areas where improvements are needed including: repairs to its facilities; provide parenting and child development magazines and children's books for the residents; develop NSPs that cite specific, measurable, and realistic objectives; and provide residents the opportunity to participate in meal preparation. Boys Castle Group Home needs to replace worn window coverings and a sofa; provide sufficient snacks at the facility; provide residents the opportunity to attend religious services of their choice; and inform residents of their right to refuse medication. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – Pioneer Boys Ranch, Fourl and Oak Crossing Group Homes: Fourl Group Home needs to make repairs to its facility; provide residents with a variety of age-appropriate books; create NSPs with detailed, measurable, and achievable goals; and provide residents with the required minimum weekly allowance. Oak Crossing Group Home needs to make repairs to its facility and provide residents with the required minimum weekly allowance. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

Group Home Program Monitoring Report – Renaissance Unlimited, Renaissance #1 and Renaissance #2: Renaissance #1 Group Home needs to create NSPs with specific and measurable goals and document the residents' and the placement workers' participation in the development and update of the NSPs. Renaissance #2 Group Home needs to make repairs to its facility; provide residents with appropriate and athletic/recreational equipment; assist residents with the clean-up and organization of their rooms; and remove scissors

from residents' drawers. **On motion of Clinton Tatum, seconded by Angela Mazzie, the Committee unanimously approved receiving and filing this report.**

**Other Business**

**Protocol for GAIN Employment Activity Reporting System:** Ms. Oms reported there was a \$1 million fraud with GEARS. The Auditor-Controller reported to the Board of Supervisors with three options: the County should have two people; one person signature from County to authorize payments and reviews; or no County representative but have a 20-30 % increase in post audit reviews. Ms. Oms reported the approved Board Policy is Countywide. Mr. McWatters stated contractors are aware of the need to re-value their bids. **On motion of Angela Mazzie, seconded by Louisa Ollague, the Committee unanimously agreed continuing this item to the March 17, 2005 meeting.**

**Matters not on the Posted Agenda (to be Presented and Placed on the Agenda of a Future Meeting)**

There were none.

**Public Comments**

There were none.

**Adjournment**

There being no further business to conduct, the meeting was adjourned at 2:41 p.m.